



North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services
3010 Mail Service Center • Raleigh, North Carolina 27699-3010
Tel 919-715-7774 • Fax 919-508-0977

Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Michael Moseley, Director

September 16, 2004

MEMORANDUM:

TO: County/Area Program Directors

FROM: Phillip Hoffman, Chief
Resource and Regulatory Management

RE: Provider Billing and Variable Payment Rates

The purpose of this communication is to advise you of payment rate and flexibility information regarding payments to providers. The information set forth below has been processed through the Council of Community MHDDSA Programs and approved by the Division and DHHS.

1. Payment for Services Which Are Medicaid Reimbursable

- a. Area/county programs must pay providers the Medicaid rate for such services provided to Medicaid eligible consumers.
- b. Area/county programs must pay providers the Medicaid rate for such services provided to non-Medicaid eligible consumers.

In other words, if the service is Medicaid reimbursable, the provider is to be paid the Medicaid rate regardless of whether the consumer is Medicaid eligible or not. The basic rationale behind this is that a provider cannot be paid different rates for the same service for a non-Medicaid consumer than they receive for a Medicaid eligible consumer.

2. Payment for Non-Medicaid Services

- a. Area/county programs may pay providers rates different from the approved statewide rate for non-Medicaid services. Such rates may be negotiated locally based on market conditions, availability of resources, etc. Rates may be higher or lower than the approved State rate.
- b. A condition of such variable payment rates is that each area/county program will provide the Division with specific payment information related to each attending provider and such rate(s) will be loaded into IPRS. The rate information will then tie into the provider information being collected as part of the Provider Project.



- c. Inherent in this rate flexibility is the flexibility to negotiate to pay providers on a basis other than unit cost. In other words, you may negotiate to pay a provider a flat sum spread out in equal one/twelfth installments, quarterly, etc. In these cases, using historical utilization to project units, you must still establish a provider specific rate at which the area/county program will earn reimbursement through IPRS. For example, an area/county program may contract with a provider for payment on equal monthly installments, which is fine. However, in terms of how the area/county program earns these funds through IPRS, the rate methodology to determine the rate to be loaded in IPRS would be based on annual payment to the provider divided by the estimated number of units to be purchased.
- d. The Division will provide additional information shortly to area/county programs which specifies the manner in which rate information is to be collected from area/county programs for entry into IPRS. While this process has not been finalized, the process will require an affirmative action on the part of each area/county program for confirmation of payment rates, regardless of whether they are at the State rate or at an alternate rate for non-Medicaid reimbursable services, i.e., we will NOT assume the statewide rate applies if we don't hear from you. Information to be collected will include (i) confirmation of provider specific rates which are different from the State rate, and/or (ii) confirmation that the State rate will be paid. In either case, the rate which is entered into IPRS for each provider is the amount that the area/county program must pay the provider, except as described in item c. above.

The process for collecting the rate information will be established by a short-term work group comprised of area/county program and Division staff.

- e. Until the provider specific rate information has been collected and entered into IPRS, you may continue billing as you currently are. Once the revised rate information has been entered into IPRS, billings would then be submitted at the established rate. All Provider Project updates should be submitted no later than October 31, 2004 – earlier if possible – in order to enable the Division to match up the rate information with the corresponding attending provider.

This communication will be posted on the Division's public web page under the "Find Announcements" section. If you have any questions concerning this communication, please contact Rick DeBell at 919-733-7013 or Rick.DeBell@ncmail.net

PDH/ph

cc: Carmen Hooker Odom	Gary Fuquay
Lanier Cansler	Laketha Miller
James Bernstein	Jack Chappell
Area/County Program Finance Officer	Bob Duke
DMHDDSAS Executive Leadership Team	Kaye Holder
Carol Duncan Clayton	Dick Oliver
Robin Huffman	Wanda Mitchell
Mike Mayer	Rick DeBell
Bob Hedrick	Gary Imes
Patrice Roesler	Deborah Merrill

